
By: **Delegates McConkey, Boschert, Boteler, Dwyer, McComas, and V. Turner**

Introduced and read first time: February 5, 2003

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Personnel - State Subsidy for Health Benefits - Optional Retirement**
3 **System**

4 FOR the purpose of requiring that the State subsidy for health benefits under the
5 State Employee and Retiree Health and Welfare Benefits Program shall apply to
6 any additional costs of coverage for the spouse and dependent children of certain
7 retirees who retired under a certain optional retirement program; and generally
8 relating to eligibility for payment of the State subsidy for health benefits under
9 the State Employee and Retiree Health and Welfare Benefits Program.

10 BY repealing and reenacting, without amendments,
11 Article - State Personnel and Pensions
12 Section 2-508
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 2002 Supplement)

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17 Section 2-509
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20 Preamble

21 WHEREAS, As a result of legislation enacted in 1975, certain faculty and staff
22 of State institutions of higher education were given the option of choosing between
23 the Maryland Teachers' Retirement System (TRS) and an optional program with the
24 Teachers Insurance and Annuity Association-College Retirement Equities Fund
25 (TIAA-CREF); and

26 WHEREAS, The information provided to faculty and staff about the two
27 retirement programs did not disclose that choosing TIAA-CREF could adversely
28 affect a retiree's health insurance benefits; and

1 WHEREAS, Individuals retiring under TIAA-CREF found that health
2 insurance subsidies for their spouses and dependent children, which are covered
3 under the TRS retirement program, are not paid for by the State under TIAA-CREF;
4 and

5 WHEREAS, Retirees under TIAA-CREF chose this retirement program
6 without having sufficient information on which to make an informed decision, and
7 have suffered financial hardship as a result; now, therefore,

8 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
9 MARYLAND, That the Laws of Maryland read as follows:

10 **Article - State Personnel and Pensions**

11 2-508.

12 (a) (1) In this section the following words have the meanings indicated.

13 (2) "Creditable service" means:

14 (i) service credited toward a retirement allowance under Division
15 II of this article;

16 (ii) service while a member of the Judges' Retirement System under
17 Title 27 of this article; or

18 (iii) service while an employee was employed by the Domestic
19 Relations Division of the Anne Arundel County Circuit Court, prior to transfer on or
20 before July 1, 2002 into the State Personnel Management System, in accordance with
21 § 2-510 of the Courts Article.

22 (3) (i) "Retiree" means:

23 1. a former State employee who receives a retirement
24 allowance under Division II of this article; or

25 2. a former employee of the Medical System Corporation, as
26 defined in § 13-301 or § 13-401 of the Education Article, who receives a retirement
27 allowance from the Employees' Retirement System of the State of Maryland or the
28 Employees' Pension System of the State of Maryland under Title 22 or Title 23 of this
29 article.

30 (ii) "Retiree" does not include:

31 1. a member of the faculty or staff of a community college;

32 2. a teacher or a staff member employed by a county board of
33 education; or

1 (ii) Subparagraph (i) of this paragraph does not apply to a deceased
2 retiree's spouse or dependent child who receives an Option 1, Option 4, or Option 7
3 benefit under Division II of this article.

4 (c) (1) If a retiree receives a State disability retirement allowance or has 16
5 or more years of creditable service, the retiree or the retiree's surviving spouse or
6 dependent child is entitled to the same State subsidy allowed a State employee.

7 (2) In all other cases, if a retiree has at least 5 years of creditable service,
8 the retiree or the retiree's surviving spouse or dependent child is entitled to 1/16 of
9 the State subsidy allowed a State employee for each year of the retiree's creditable
10 service up to 16 years.

11 (3) Notwithstanding paragraph (2) of this subsection and subsection
12 (a)(4)(i) of this section, if a retiree is an additional employee or agent of the State
13 Racing Commission, for the purposes of determining a retiree's State subsidy,
14 creditable service shall be determined with respect to service as an additional
15 employee or agent beginning from the initial date of employment or January 1, 1986,
16 whichever is later.

17 2-509.

18 (a) (1) An individual may enroll and participate in the health insurance
19 benefit options established under the Program if the individual retired under an
20 optional Program under Title 30 of this article and:

21 (i) ended service with a State institution of higher education with
22 at least 10 years of service and was at least age 57;

23 (ii) ended service with a State institution of higher education with
24 at least 16 years of service; or

25 (iii) retired directly from and had at least 5 years of service with a
26 State institution of higher education with a periodic distribution of benefits on or
27 after July 1, 1984.

28 (2) The surviving spouse or dependent child of a deceased individual who
29 was eligible to enroll may enroll and participate in the health insurance benefit
30 options established under the Program as long as the spouse or child is receiving a
31 periodic distribution of benefits under an optional retirement program under Title 30
32 of this article.

33 (b) (1) An enrollee under this section who was in service with a State
34 institution of higher education at the time of the retirement is entitled to the same
35 State subsidy allowed a retiree under § 2-508 of this subtitle. However, except as
36 provided in [paragraph (2)] PARAGRAPHS (2) AND (3) of this subsection, the subsidy
37 shall apply only to the costs of coverage for the enrollee and may not apply to any
38 additional costs of coverage for the enrollee's spouse or children.

1 (2) If the enrollee has 25 or more years of service as an employee of the
2 State in the Executive, Legislative, or Judicial Branch of government, the enrollee or
3 the enrollee's surviving spouse or dependent child is entitled to the same State
4 subsidy allowed a retiree with 16 or more years of creditable service under §
5 2-508(c)(1) of this subtitle.

6 (3) IF THE ENROLLEE ELECTED TO PARTICIPATE IN AN OPTIONAL
7 PROGRAM UNDER TITLE 30 OF THIS ARTICLE BEFORE JANUARY 1, 1985, AND RETIRED
8 BEFORE JANUARY 1, 2003, THE STATE SUBSIDY SHALL APPLY TO THE COSTS OF
9 COVERAGE FOR THE ENROLLEE AND ANY ADDITIONAL COSTS OF COVERAGE FOR
10 THE ENROLLEE'S SPOUSE AND DEPENDENT CHILDREN.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
12 effect June 1, 2003.